

**MINUTES OF THE
COMMERCE AND REVENUE
APPROPRIATIONS SUBCOMMITTEE**

Room 303, State Capitol Building

February 7, 2003

MEMBERS PRESENT: Sen. Scott Jenkins, Co-Chairman
Rep. Chad E. Bennion, Co-Chairman
Sen. Ed Mayne
Sen. John Valentine
Rep. Eli Anderson
Rep. Ty McCartney
Rep. Mike Morley
Rep. J. Morgan Philpot
Rep. Peggy Wallace

MEMBERS EXCUSED:

MEMBERS ABSENT: Sen. Leonard Blackham
Rep. Katherine M. Bryson

STAFF PRESENT: Stan Eckersley, Fiscal Analyst
Barbara Hilbert, Committee Secretary

VISITORS LIST: Attached to and made a part of these minutes.

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Sen. Jenkins called the meeting to order at 2:30 p.m.

MOTION: Rep. Anderson moved to approve the minutes of the February 5, 2003 meeting.
The motion passed unanimously, with Sen. Mayne, Sen. Valentine, and Rep.
Bennion absent for the vote.

Sen. Jenkins asked the committee if there were any questions or comments on the Labor
Commission budget.

Bobbie Tupou, representing the Labor Commission addressed the Committee and responded to
questions.

MOTION: Rep. Wallace moved to accept the Analyst's recommendations and approve, pending
final vote, the FY 2004 Labor Commission budget. The motion passed unanimously with Rep.
Bennion, Rep. Morley and Rep. Philpot absent for the vote.

Sen. Jenkins asked the committee if there were any questions or comments on the Financial
Institutions budget.

The Analyst's addressed the issue of a Market Comparability Adjustment completed by Human Resources. At the time the study was completed, the Department received 10 new full time employees (FTE's). They received a pay increase because they were under market. There were some vacancies at the same time. None of the vacancies or new FTE's received the market comparability adjustment. The Department doesn't need a supplemental but they are requesting ongoing funding. They are requesting the Analyst's recommendation plus \$195,000.

MOTION: Rep. McCartney moved to accept the Analyst's recommendations plus \$195,000 and approve, pending final vote, the FY 2004 Financial Institutions budget. The motion passed unanimously with Sen. Mayne, Rep. Bennion, Rep. Morley and Rep. Philpot absent for the vote.

The Analyst, presented the FY 2004 budget recommendations for the Workers' Compensation Fund. The Legislature has designated this company as an independent quasi-public corporation, and the budgetary control has been shifted from the Legislature to the company's Board of Directors. That means the budget that is presented here today is not voted on by the Committee. It is merely to keep the Committee informed.

Prior to discussion with the committee, the Analyst administered the oath to Commissioner Layne Summerhays and Mr. Ray Pickup, Senior Vice President, Workers' Compensation Fund.

Commissioner Summerhays discussed the handouts distributed (on file) and responded to questions from the committee. He thanked the Analyst for the great job he does in presenting the material. He was assisted in his presentation by Mr. Pickup.

The Analyst, presented the FY 2004 budget recommendations for the Insurance Department. A corrected fee page was distributed to the Committee. The Comprehensive Health Insurance Pool is in trouble, actuarially.

Mr. Merwin Stewart, Commissioner of Insurance discussed the handouts distributed (on file) and responded to recommendations and questions from the Committee. He was assisted in his presentation by Mr. Neal Gooch, Deputy Insurance Commissioner.

Commissioner Stewart was complimented on his department's great customer service by the Committee.

Mr. Gooch brought up some items that he was not sure had been addressed:

1. Leap year in 2004. There is an extra day that needs to be funded. Medical and dental benefits are part of that issue that will hit the department.
2. Salary increase on the Attorney General's payroll and an attempt to cover the difference.
3. Intent Language regarding 2003 non-lapsing funds. They would be carried over up to \$120,000. These are funds that would normally lapse, but could be carried over to the next year to be used for training, computer

equipment, etc.

Tomi Ossana, Executive Director HIPUtah, addressed the Committee. The pool was started in 1991 by the Legislature for individuals that are uninsurable. Reserves have dropped to the level that the fund will be insolvent without an infusion of \$6,000,000 in addition to the current budget of \$2,916,200. The program serves as a safety valve for the industry and if enrollments are capped several domestic insurance carriers withdraw from the individual insurance market. This could affect about 100,000 insured persons in the individual private market. The program is also an integral part of the alternative mechanism under which the State complies with the Federal Health Insurance Portability and Accountability Act of 1996. If Utah is not in compliance, the Federal government can step in and impose federal requirements. Ms. Ossana informed the committee there are several alternative ideas in other states to receive additional revenues. Utah is one of the only states that strictly get their monies from the General Fund. Ms. Joan Ogden, the funds actuary, assisted in the presentation. Those ideas could not be implemented in the session.

Commissioner, Merwin Stewart also spoke to the Committee regarding the critical state of the pool.

The Committee asked Ms. Ossana to come back with some alternative suggestions or ideas to help rescue the pool.

Sen. Jenkins told the Committee how the Chairs will respond to the 2 percent budget reduction requested by Executive Appropriations. The Analyst presented a paper showing the suggestions. The Chairs will meet with Executive Appropriations on Monday to provide suggestions and update Executive Appropriations on the status. A discussion by the Committee followed.

MOTION: Rep. Philpot moved that the Committee reject the Chairs proposed 2 percent budget reduction. The motion failed, with Sen. Jenkins, Rep. Bennion, Rep. Anderson and Rep. Wallace voting no and Sen. Valentine and Sen. Mayne absent for the vote.

MOTION: Rep. Morley moved to adjourn the meeting. The motion passed unanimously.

Sen. Jenkins adjourned the meeting at 4:50 p.m.